

**REPORT OF THE AUDIT OF THE  
FORMER ANDERSON COUNTY  
SHERIFF**

**For The Year Ended  
December 31, 2004**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Anthony Stratton, Anderson County Judge/Executive  
Honorable James E. Evans, Former Anderson County Sheriff  
Honorable Troy Young, Anderson County Sheriff  
Members of the Anderson County Fiscal Court

The enclosed report prepared by Mountjoy and Bressler, LLP, Certified Public Accountants, presents the statement of revenues, expenditures, and excess fees - regulatory basis of the former County Sheriff of Anderson County, Kentucky, for the year ended December 31, 2004.

We engaged Mountjoy and Bressler, LLP, to perform the audit of this statement. We worked closely with the firm during our report review process; Mountjoy and Bressler, LLP evaluated the former Anderson County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen".

Crit Luallen  
Auditor of Public Accounts

Enclosure





## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE FORMER ANDERSON COUNTY SHERIFF**

**For The Year Ended  
December 31, 2004**

Mountjoy and Bressler, LLP has completed the Former Anderson County Sheriff's audit for the year ended December 31, 2004. Based upon the audit work performed, the financial statement presents fairly, in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

#### **Financial Condition:**

Excess fees decreased by \$58,762 from the prior year, resulting in excess fees of \$0 as of December 31, 2004. Revenues increased by \$40,285 from the prior year and expenditures increased by \$99,047.

#### **Deposits:**

The Sheriff's deposits were insured and collateralized by bank securities or bonds.



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The Honorable Anthony Stratton, Anderson County Judge/Executive  
Honorable James E. Evans, Former Anderson County Sheriff  
Honorable Troy Young, Anderson County Sheriff  
Members of the Anderson County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the Former County Sheriff of Anderson County, Kentucky, for the year ended December 31, 2004. This financial statement is the responsibility of the Former Anderson County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Former Anderson County Sheriff's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the Former Anderson County Sheriff for the year ended December 31, 2004, in conformity with the regulatory basis of accounting.

The Honorable Anthony Stratton, Anderson County Judge/Executive  
Honorable James E. Evans, Former Anderson County Sheriff  
Honorable Troy Young, Anderson County Sheriff  
Members of the Anderson County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated July 20, 2005 on our consideration of the former County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Former County Sheriff and Fiscal Court of Anderson County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these interested parties.

Respectfully submitted,

*Mountjoy & Bressler, LLP.*

Mountjoy and Bressler, LLP

Audit fieldwork completed -  
July 20, 2005

ANDERSON COUNTY  
JAMES E. EVANS, FORMER COUNTY SHERIFF  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2004

Revenues

House Bill 413		\$	3,724
State - Kentucky Law Enforcement Foundation Program Fund			22,319
State Fees For Services:			
Finance and Administration Cabinet	\$	8,752	
Cabinet For Human Resources		66	
Sheriff's Sale		250	9,068
Circuit Court Clerk:			
Sheriff Security Service		38,315	
Fines and Fees Collected		1,390	
Court Ordered Payments		175	39,880
Fiscal Court			7,721
County Clerk - Delinquent Taxes			2,318
Commission On Taxes Collected			314,986
Fees Collected For Services:			
Serving Papers		19,911	
Auto Inspections		7,054	
Carrying Concealed Deadly Weapon Permits		5,660	
Transcor		997	
Accident and Police Reports		235	
Delinquent Bill List		27	33,884
Other:			
Sheriff's Add on Fees		38,102	
Courthouse Fees		8,500	
Reimbursements		435	
CCDW Photos		395	47,432
Interest Earned			1,176

The accompanying notes are an integral part of this financial statement.

ANDERSON COUNTY  
 JAMES E. EVANS, FORMER COUNTY SHERIFF  
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2004  
 (Continued)

Borrowed Money:		
State Advancement		\$ 133,586
Total Revenues		616,094
<u>Expenditures</u>		
Operating Expenditures and Capital Outlay:		
Personnel Services-		
Deputies' Salaries	\$ 198,323	
Part-Time Salaries	4,430	
Other Salaries	20,362	
Overtime	5,519	
KLEFPF Pay	18,600	
Employee Benefits-		
Reimbursement of Benefits Package	85,098	
KLEFPF	3,719	
House Bill 413	3,387	
Tax Penalty Error	127	
Late Tax Advance Fee	12	339,577
Contracted Services-		
Vehicle Maintenance and Repairs	4,307	
Nextel	3,788	
Advertising	521	
Materials and Supplies-		
Office Materials and Supplies	4,081	
Miscellaneous	2,410	
Uniforms	1,093	
Imagistics	843	
Transcor-Prisoner Transport	746	
Auto Expense-		
Gasoline	12,187	

The accompanying notes are an integral part of this financial statement.

ANDERSON COUNTY  
 JAMES E. EVANS, FORMER COUNTY SHERIFF  
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2004  
 (Continued)

Expenditures (Continued)

Operating Expenditures and Capital Outlay: (Continued)

Other Charges-

Courthouse Fees	\$	8,500	
Bond		3,935	
Carrying Concealed Deadly Weapon Permits		2,645	
In-Service		840	
Dues		647	
Postage		163	\$ 46,706

Capital Outlay-

Vehicles		20,143	
Office Equipment		5,000	25,143

Debt Service:

State Advancement			133,586
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Total Expenditures			545,012
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Total Allowable Expenditures			545,012
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Net Revenues	\$	71,082	
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Less: Statutory Maximum		64,953	
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Excess Fees	\$	6,129	
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Less: Training Incentive Benefit		6,129	
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Excess Fees Due County for 2004	\$	-	
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Balance Due Fiscal Court at Completion of Audit	\$	-	
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The accompanying notes are an integral part of this financial statement.

ANDERSON COUNTY  
JAMES E. EVANS, FORMER COUNTY SHERIFF  
NOTES TO FINANCIAL STATEMENT

December 31, 2004

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the County Sheriff as determined by the audit. KRS 134.310 requires the County Sheriff to settle excess fees with the fiscal court at the time he files his final settlement with the fiscal court.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2004 services
- Reimbursements for 2004 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2004

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

ANDERSON COUNTY  
JAMES E. EVANS, FORMER COUNTY SHERIFF  
NOTES TO FINANCIAL STATEMENT  
December 31, 2004  
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.34 percent for the first six months and 8.48 percent for the last six months of the year. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 18.51 percent for the first six months and 22.08 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2004, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of pledged securities held by the Sheriff's agent in the Sheriff's name.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



The Honorable Anthony Stratton, Anderson County Judge/Executive  
Honorable James E. Evans, Former Anderson County Sheriff  
Honorable Troy Young, Anderson County Sheriff  
Members of the Anderson County Fiscal Court

**Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards**

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the Anderson County Sheriff for the year ended December 31, 2004, and have issued our report thereon dated July 20, 2005. The County Sheriff's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Former Anderson County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Former Anderson County Sheriff's financial statement for the year ended December 31, 2004, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and the Kentucky Governor's Office for Local Development, and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

*Mountjoy & Bressler, LLP.*

Mountjoy and Bressler, LLP

Audit fieldwork completed -  
July 20, 2005

